

TOWNSHIP OF GENEVA
Van Buren County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Geneva	County Van Buren
Fiscal Year End March 31, 2008	Opinion Date August 1, 2008	Date Audit Report Submitted to State August 11, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


SM
2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Zip 48707			
Authorizing CPA Signature 	Printed Name Mark J. Campbell	License Number 1101007803	

TOWNSHIP OF GENEVA
Van Buren County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 1, 2008

To the Township Board
Township of Geneva
Van Buren County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Geneva, Van Buren County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Geneva's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Geneva, Van Buren County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GENEVA
Van Buren County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Geneva covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$1,733,599.57 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$925,461.36 from governmental activities. Governmental activities had a \$146,496.07 increase in net assets with major road improvements of \$230,681.17 and a gain of .1613% in revenue sharing.

Taxable value increased by \$5,922,362 or 8.49%.

We did not incur any debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, the Cemetery Perpetual Care Fund, the Fire Fund, the Agency Fund and the Current Tax Collection Fund.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

CONDENSED FINANCIAL INFORMATION

For the year ended March 31, 2008

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2007</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Current Assets	1 202 803	1 352 253
Capital Assets	<u>384 301</u>	<u>381 347</u>
Total Assets	<u>1 587 104</u>	<u>1 733 600</u>
Current Liabilities	-	-
Non-current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets:		
Invested in Capital Assets	384 301	381 347
Unrestricted	<u>1 202 803</u>	<u>1 352 253</u>
Total Net Assets	<u>1 587 104</u>	<u>1 733 600</u>

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2007</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Program Revenues:		
Fees and Charges for Services	83 781	137 461
General Revenues:		
Property Taxes	456 308	434 734
State Revenue Sharing	325 868	327 000
Interest	32 822	19 930
Miscellaneous	<u>11 001</u>	<u>6 336</u>
Total Revenues	<u>909 780</u>	<u>925 461</u>
Program Expenses:		
Legislative	15 747	39 352
General Government	115 385	135 435
Public Safety	331 375	328 331
Public Works	363 550	274 847
Recreation and Culture	1 000	1 000
Other	<u>16 698</u>	<u>-</u>
Total Expenses	<u>843 755</u>	<u>778 965</u>
Increase in Net Assets	66 025	146 496
Net Assets, April 1	<u>1 521 079</u>	<u>1 587 104</u>
Net Assets, March 31	<u>1 587 104</u>	<u>1 733 600</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Cemetery Perpetual Care Fund, the Fire Fund, the Liquor Fund, the Agency Fund, and the Current Tax Collection Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

During the year we provided transfer station services, maintenance of roadways, Ambulance & Fire protection by authority, Airport services by authority, Hospital services by authority, Humane Society service by contract, library service by contract, and police protection by contract.

Our cash position in the governmental activities remains strong. Our external debt is \$0.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are highways and streets which incurred expenses of \$230,681.17 and Sheriff Department Police Protection of \$73,328.22.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$8,208.00 in capital assets.

The Township has no long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents 35.16% of our income. We continue to grow in taxable values with little demand for infrastructure, except good roads and safety services.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Supervisor, Clerk or Treasurer at 269-427-7607.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	1 231 538 87
Investments	24 042 91
Taxes receivable	<u>96 670 94</u>
Total Current Assets	<u>1 352 252 72</u>
NON-CURRENT ASSETS:	
Capital Assets	476 528 84
Less: Accumulated Depreciation	<u>(95 181 99)</u>
Total Non-current Assets	<u>381 346 85</u>
TOTAL ASSETS	<u><u>1 733 599 57</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Due to other funds	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	381 346 85
Unrestricted	<u>1 352 252 72</u>
Total Net Assets	<u>1 733 599 57</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1 733 599 57</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	39 352 24	-	(39 352 24)
General government	135 435 00	37 638 96	(97 796 04)
Public safety	328 331 07	35 603 99	(292 727 08)
Public works	274 846 98	64 217 73	(210 629 25)
Culture and recreation	1 000 00	-	(1 000 00)
Total Governmental Activities	<u>778 965 29</u>	<u>137 460 68</u>	<u>(641 504 61)</u>
General Revenues:			
Property taxes			434 734 06
State revenue sharing			326 999 75
Interest			19 930 66
Miscellaneous			<u>6 336 21</u>
Total General Revenues			<u>788 000 68</u>
Change in net assets			146 496 07
Net assets, beginning of year			<u>1 587 103 50</u>
Net Assets, End of Year			<u>1 733 599 57</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>	<u>Liquor Law Enforcement</u>	<u>Fire Fund</u>	<u>Other Funds (Cemetery Perpetual Care)</u>
<u>Assets</u>				
Cash in bank	877 230 42	6 627 50	337 338 34	-
Investments	-	-	-	24 042 91
Taxes receivable	57 635 33	-	39 035 61	-
Due from other funds	<u>1 338 66</u>	<u>-</u>	<u>10 122 35</u>	<u>-</u>
Total Assets	<u>936 204 41</u>	<u>6 627 50</u>	<u>386 496 30</u>	<u>24 042 91</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to other funds	<u>-</u>	<u>-</u>	<u>1 118 40</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1 118 40</u>	<u>-</u>
Fund equity:				
Fund balances:				
Reserved for cemetery care	-	-	-	24 042 91
Unreserved:				
Undesignated	<u>936 204 41</u>	<u>6 627 50</u>	<u>385 377 90</u>	<u>-</u>
Total fund equity	<u>936 204 41</u>	<u>6 627 50</u>	<u>385 377 90</u>	<u>24 042 91</u>
Total Liabilities and Fund Equity	<u>936 204 41</u>	<u>6 627 50</u>	<u>386 496 30</u>	<u>24 042 91</u>

The accompanying notes are an integral part of these financial statements.

Total

1 221 196 26

24 042 91

96 670 94

11 461 01

1 353 371 12

1 118 40

1 118 40

24 042 91

1 328 209 81

1 352 252 72

1 353 371 12

TOWNSHIP OF GENEVA
Van Buren County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS 1 352 252 72

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	476 528 84
Accumulated depreciation	<u>(95 181 99)</u>

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES 1 733 599 57

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	<u>General</u>	<u>Liquor Law Enforcement</u>	<u>Fire</u>	<u>Other Funds (Cemetery Perpetual Care)</u>
Revenues:				
Property taxes	226 299 83	-	208 434 23	-
Licenses and permits	35 603 99	-	-	-
State revenue sharing	325 353 05	1 646 70	-	-
Charges for services – PTAF	23 900 91	-	-	-
Charges for services – cemetery	13 738 05	-	-	-
Interest	14 096 17	332 20	5 502 29	-
Special assessments	64 217 73	-	-	-
Miscellaneous	5 805 43	-	-	530 78
Total revenues	<u>709 015 16</u>	<u>1 978 90</u>	<u>213 936 52</u>	<u>530 78</u>
Expenditures:				
Legislative:				
Township Board	39 352 24	-	-	-
General government:				
Supervisor	14 421 00	-	-	-
Elections	4 997 11	-	-	-
Assessor	12 540 00	-	-	-
Clerk	14 421 00	-	-	-
Board of Review	7 942 26	-	-	-
Treasurer	14 421 00	-	-	-
Building and grounds	11 055 96	-	-	-
Cemetery	32 274 97	-	-	-
Unallocated	14 332 14	-	-	-
Public safety:				
Police protection	73 328 22	-	-	-
Fire protection	-	-	191 323 90	-
Liquor control	-	1 667 40	-	-
Inspectors	35 967 70	-	-	-
Demolition enforcement	24 860 00	-	-	-
Ordinance enforcement	1 183 85	-	-	-
Public works:				
Highways and streets	230 681 17	-	-	-
Street lights	3 441 59	-	-	-
Sanitation	17 768 82	-	-	-
Drains	998 92	-	-	-
Airport	19 823 94	-	-	-
Culture and recreation:				
Library	1 000 00	-	-	-
Capital outlay	8 208 00	-	-	-
Total expenditures	<u>583 019 89</u>	<u>1 667 40</u>	<u>191 323 90</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	125 995 27	311 50	22 612 62	530 78
Fund balances, April 1	<u>810 209 14</u>	<u>6 316 00</u>	<u>362 765 28</u>	<u>23 512 13</u>
Fund Balances, March 31	<u><u>936 204 41</u></u>	<u><u>6 627 50</u></u>	<u><u>385 377 90</u></u>	<u><u>24 042 91</u></u>

The accompanying notes are an integral part of these financial statements.

Total

434 734 06
35 603 99
326 999 75
23 900 91
13 738 05
19 930 66
64 217 73
6 336 21

925 461 36

39 352 24

14 421 00
4 997 11
12 540 00
14 421 00
7 942 26
14 421 00
11 055 96
32 274 97
14 332 14

73 328 22
191 323 90
1 667 40
35 967 70
24 860 00
1 183 85

230 681 17
3 441 59
17 768 82
998 92
19 823 94

1 000 00
8 208 00

776 011 19

149 450 17

1 202 802 55

1 352 252 72

TOWNSHIP OF GENEVA
Van Buren County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 149 450 17

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(11 162 10)
Capital Outlay	<u>8 208 00</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 146 496 07

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Geneva, Van Buren County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Geneva. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent Fund

The Cemetery Perpetual Care Fund is used to account for assets that are legally restricted.

Fiduciary Funds

The Current Tax Collection Fund and the Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 6.6715 mills, and the taxable value was \$75,715,876.00.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	20-50 years
Equipment	4-20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 2 – Budgets and Budgetary Accounting (continued)

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>1 231 646 37</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	200 469 00
Uninsured and Uncollateralized	<u>1 061 686 87</u>
Total Deposits	<u>1 262 155 87</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments (continued)

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Risk-Categorized: Operating Funds	-	-	-	-
Total Risk-Categorized Investments	-	-	-	-
Nonrisk-Categorized: Financial Institution Pooled Funds				24 042 91
Total Investments				24 042 91

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 3 – Deposits and Investments (continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<u>Governmental Activities:</u>				
Land	107 577 36	7 070 00	-	114 647 36
Buildings	331 067 50	-	-	331 067 50
Equipment	29 675 98	1 138 00	-	30 813 98
Total	468 320 84	8 208 00	-	476 528 84
Accumulated Depreciation	(84 019 89)	(11 162 10)	-	(95 181 99)
Net Capital Assets	<u>384 300 95</u>	<u>(2 954 10)</u>	<u>-</u>	<u>381 346 85</u>

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2008, was \$7,122.78.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

As of March 31, 2008, the Township had building permit revenues of \$32,903.99 and building permit expenses of \$35,967.70.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	21 50	Agency	21 50
General	198 76	Current Tax Collection	198 76
Fire	10 122 35	Current Tax Collection	10 122 35
General	<u>1 118 40</u>	Fire	<u>1 118 40</u>
Total	<u><u>11 461 01</u></u>	Total	<u><u>11 461 01</u></u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	276 122 70	276 122 70	226 299 83	(49 822 87)
Licenses and permits	41 000 00	41 000 00	35 603 99	(5 396 01)
State revenue sharing	225 000 00	225 000 00	325 353 05	100 353 05
Charges for services – PTAF	13 000 00	13 000 00	23 900 91	10 900 91
Charges for services – cemetery	17 800 00	17 800 00	13 738 05	(4 061 95)
Interest	17 500 00	17 500 00	14 096 17	(3 403 83)
Special assessments	3 250 00	3 250 00	64 217 73	60 967 73
Miscellaneous	<u>15 975 00</u>	<u>15 975 00</u>	<u>5 805 43</u>	<u>(10 169 57)</u>
Total revenues	<u>609 647 70</u>	<u>609 647 70</u>	<u>709 015 16</u>	<u>99 367 46</u>
Expenditures:				
Legislative:				
Township Board	44 700 00	44 980 00	39 352 24	(5 627 76)
General government:				
Supervisor	14 421 00	14 421 00	14 421 00	-
Elections	7 500 00	7 500 00	4 997 11	(2 502 89)
Assessor	12 540 00	12 540 00	12 540 00	-
Clerk	14 421 00	14 421 00	14 421 00	-
Board of Review	8 200 00	8 255 00	7 942 26	(312 74)
Treasurer	14 421 00	14 421 00	14 421 00	-
Building and grounds	12 000 00	12 000 00	11 055 96	(944 04)
Cemetery	43 000 00	43 000 00	32 274 97	(10 725 03)
Unallocated	16 300 00	16 300 00	14 332 14	(1 967 86)
Public safety:				
Police protection	85 000 00	85 000 00	73 328 22	(11 671 78)
Inspectors	39 000 00	39 000 00	35 967 70	(3 032 30)
Demolition enforcement	25 000 00	25 000 00	24 860 00	(140 00)
Ordinance enforcement	32 500 00	32 500 00	1 183 85	(31 316 15)
Public works:				
Highways and streets	350 000 00	350 000 00	230 681 17	(119 318 83)
Street lights	3 700 00	3 700 00	3 441 59	(258 41)
Sanitation	25 000 00	25 000 00	17 768 82	(7 231 18)
Drains	3 500 00	3 500 00	998 92	(2 501 08)
Airport	18 000 00	19 900 00	19 823 94	(76 06)
Culture and recreation:				
Library	1 000 00	1 000 00	1 000 00	-
Capital outlay	<u>10 000 00</u>	<u>10 000 00</u>	<u>8 208 00</u>	<u>(1 792 00)</u>
Total expenditures	<u>780 203 00</u>	<u>782 438 00</u>	<u>583 019 89</u>	<u>(199 418 11)</u>
Excess (deficiency) of revenues over expenditures	(170 555 30)	(172 790 30)	125 995 27	298 785 57
Fund balance, April 1	<u>737 009 52</u>	<u>737 009 52</u>	<u>810 209 14</u>	<u>73 199 62</u>
Fund Balance, March 31	<u>566 454 22</u>	<u>564 219 22</u>	<u>936 204 41</u>	<u>371 985 19</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

BUDGETARY COMPARISON SCHEDULE – LIQUOR LAW ENFORCEMENT FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
State revenue sharing	1 000 00	1 000 00	1 646 70	646 70
Interest	-	-	332 20	332 20
Total revenues	<u>1 000 00</u>	<u>1 000 00</u>	<u>1 978 90</u>	<u>978 90</u>
Expenditures:				
Public safety:				
Liquor control	<u>1 500 00</u>	<u>1 667 40</u>	<u>1 667 40</u>	<u>-</u>
Total expenditures	<u>1 500 00</u>	<u>1 667 40</u>	<u>1 667 40</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(500 00)	(667 40)	311 50	978 90
Fund balance, April 1	<u>500 00</u>	<u>667 40</u>	<u>6 316 00</u>	<u>5 648 60</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>6 627 50</u>	<u>6 627 50</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	242 475 46	242 475 46	208 434 23	(34 041 23)
Interest	<u>-</u>	<u>-</u>	<u>5 502 29</u>	<u>5 502 69</u>
Total revenues	<u>242 475 46</u>	<u>242 475 46</u>	<u>213 936 52</u>	<u>(28 538 94)</u>
Expenditures:				
Public safety:				
Fire protection	<u>202 000 00</u>	<u>200 000 00</u>	<u>191 323 90</u>	<u>(10 676 10)</u>
Total expenditures	<u>202 000 00</u>	<u>200 000 00</u>	<u>191 323 90</u>	<u>(10 676 10)</u>
Excess (deficiency) of revenues over expenditures	40 475 46	(218 15)	22 612 62	(17 862 84)
Fund balance, April 1	<u>-</u>	<u>218 15</u>	<u>362 765 28</u>	<u>362 765 28</u>
Fund Balance, March 31	<u><u>40 475 46</u></u>	<u><u>-</u></u>	<u><u>385 377 90</u></u>	<u><u>344 902 44</u></u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Township Board:	
Fees and per diem	3 861 50
Social security	1 338 72
Professional services	9 211 94
Insurance	9 498 00
Pension	7 122 78
Miscellaneous	8 319 30
	<u>39 352 24</u>
Supervisor:	
Salary	11 421 00
Deputy	3 000 00
	<u>14 421 00</u>
Elections	<u>4 997 11</u>
Assessor:	
Contracted services	<u>12 540 00</u>
Clerk:	
Salary	11 421 00
Deputy	3 000 00
	<u>14 421 00</u>
Board of Review:	
Wages	2 255 00
Supplies	5 687 26
	<u>7 942 26</u>
Treasurer:	
Salary	11 421 00
Deputy	3 000 00
	<u>14 421 00</u>
Building and grounds:	
Custodian	855 00
Repairs and maintenance	9 700 96
Miscellaneous	500 00
	<u>11 055 96</u>
Cemetery:	
Wages	16 001 00
Repairs and maintenance	16 273 97
	<u>32 274 97</u>
Unallocated	<u>14 332 14</u>
Police protection	<u>73 328 22</u>
Inspectors:	
Wages	33 762 99
Supplies	2 204 71
	<u>35 967 70</u>
Demolition enforcement	<u>24 860 00</u>
Ordinance enforcement	<u>1 183 85</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Highways and streets:	
Repairs and maintenance	<u>230 681 17</u>
Street lighting:	
Utilities	<u>3 441 59</u>
Sanitation:	
Transfer station	<u>17 768 82</u>
Drains	<u>998 92</u>
Airport	<u>19 823 94</u>
Library	<u>1 000 00</u>
Capital outlay	<u>8 208 00</u>
Total Expenditures	<u><u>583 019 89</u></u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
Year ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>1 070 44</u>	<u>1 191 519 25</u>	<u>1 182 268 58</u>	<u>10 321 11</u>
<u>Liabilities</u>				
Due to other funds	1 070 44	503 957 21	494 706 54	10 321 11
Due to others	<u>-</u>	<u>687 562 04</u>	<u>687 562 04</u>	<u>-</u>
Total Liabilities	<u>1 070 44</u>	<u>1 191 519 25</u>	<u>1 182 268 58</u>	<u>10 321 11</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>126 00</u>	<u>6 057 00</u>	<u>6 054 00</u>	<u>129 00</u>
<u>Liabilities</u>				
Due to other funds	21 00	1 009 50	1 009 00	21 50
Due to others	<u>105 00</u>	<u>5 047 50</u>	<u>5 045 00</u>	<u>107 50</u>
Total Liabilities	<u>126 00</u>	<u>6 057 00</u>	<u>6 054 00</u>	<u>129 00</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank	<u>1 196 44</u>	<u>1 197 576 25</u>	<u>1 188 322 58</u>	<u>10 450 11</u>
<u>Liabilities</u>				
Due to other funds	1 091 44	504 966 71	495 715 54	10 342 61
Due to others	<u>105 00</u>	<u>692 609 54</u>	<u>692 607 04</u>	<u>107 50</u>
Total Liabilities	<u>1 196 44</u>	<u>1 197 576 25</u>	<u>1 188 322 58</u>	<u>10 450 11</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 1, 2008

To the Township Board
Township of Geneva
Van Buren County, Michigan

We have audited the financial statements of the Township of Geneva for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Geneva in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Geneva
Van Buren County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co. P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants